


 Jim Carroll

E-biz love-in coming to an end

We're in the era of e-everything, and there is one simple fact that is soon to become, if you will pardon my expression, e-evident: many companies and anyone working with e-commerce and e-biz are setting themselves up for a fall. And from the edge of the precipice, the depth of the hole looks a lot scarier than it did with Y2K.

Why? Because with all the hype about e-biz, expectations are becoming ever more unrealistic. Never mind that the dot-com collapse helped bring some much-needed sanity back to the IT world. There are still lots of unfilled promises that may not be delivered upon as quickly as everyone hopes. And dashed expectations lead to finger pointing, recrimination and reduced opportunities for all.

Case in point. A year or so ago, the head of IT for a well-known oil company boasted at a high-profile conference that using e-biz tools to streamline business processes would save several hundred million dollars annually. Their plan, like many organizations, is to use the connectivity of the Internet and the sophistication of e-biz tools to change the way they do business with their customers and suppliers. The intent is the same as what exists at the foundation of many an e-biz project — let's move to a world of electronic, rather than paper transactions, in our dealings with the outside world.

Now, the strategy makes eminent sense. All of us know that there's massive cost and inefficiencies in paper-based systems. Hence, companies realize the worthy business strategy of reducing costs by applying sophisticated technologies in order to streamline and reengineer external business processes. It's for this reason that the e-commerce cost savings mantra has taken over the prime spot in corporate e-biz strategies.

I'm the first to believe this is the most worthy and noble e-strategy we can pursue today. And yet, I differ from many, in that I'm convinced it's going to take longer to implement such projects than people suspect. My suspicions were recently borne out after giving a keynote speech to a group of IT professionals. Afterwards, someone from that same well-known oil company came up to me, and in a conversation, indicated

they were now working hard to manage expectations within the organization with respect to e-biz.

The problem? As they delved further into the world of e-biz, they realized things were far more complex than they'd thought. With the potential for egg on their face, they were now working to ensure that corporate expectations — as to the extent and timing of the cost savings that could be realized — were lowered dramatically.

Haven't we been here before? Doesn't the IT industry have a history of overstating things up front, and then failing to deliver? So why is everybody making the same darned mistake all over again? From my perspective, when it comes to e-biz, e-commerce and e-everything, all the easy work has been done. Companies have implemented effective online marketing strategies, a limited form of customer interaction, and in some cases, they've managed to put in place some type of online inquiry or ordering mechanism.

But in doing so, they've barely scratched the surface in terms of complexity. And given that they are now talking about complex supply-chain projects, massive CRM systems that pull in data from countless sources and repositories, and other efforts, can anyone expect them to get it right the first time?

If you think the answer is yes, you're dreaming. I'm convinced that every organization getting involved in this new world is going to have a couple of good IT disasters along the way. Think about it. The history of IT is littered with project disasters. All of us are aware of — and perhaps many of us have worked upon — large-scale projects that have gone off the rails. We are so bruised by past experience that we no longer turn our heads when we hear of a \$50 million ERP project that is 18 months late, massively over budget and spiraling ridiculously out of control.

So why should projects involving e-biz and the Internet be any different? The fact is, they aren't, and hence we're headed for a rather rocky road. We better prepare to deal with that fact.

What makes e-biz projects so difficult? It isn't necessarily the technology, even though much of what we might be working with is bug-ridden and barely of passable quality. It's the people. It's the processes. It's the procedures.

We are talking, in every company and every industry, of an absolutely massive change in the way that business is conducted, information is processed and procedures are undertaken. Good gosh, I'm typing this in the lobby of an emergency room, while waiting for a "boot-cast," having broken my toe. Surrounding me is one of the most complex information systems in the world — a hospital. Can we fully expect that IT professionals will be able to apply the tools of e-biz to this industry overnight? Not a chance.

Extend this line of thinking to the insurance industry. You couldn't get a more paper-intensive industry if you tried. Each policy, each claim, each customer involves a huge amount of forms filed in duplicate, triplicate and beyond. One estimate suggests that some \$1 billion a year is spent in the U.S. simply moving around the certificates of insurance that are required when the risk of a policy is shared amongst multiple parties. There couldn't be an e-biz application that makes more sense. Let's use the tools of e-commerce to allow multiple organizations to access and share this information online. Surely that will save us money.

And yes, it is a strategy that makes good sense. But it is probably a project of horrific scope and complexity — not just for the technology, but because it will involve changing the day-to-day working procedures of tens of thou-

sands of people. You can't do that overnight. And yet many people in IT, enamoured by the potential of e-biz in the insurance industry, expect that they'll be able to walk in overnight, reengineer work processes, squeeze efficiencies out of the systems and achieve magical cost savings.

Good luck. Anyone involved in putting in place any type of document management system knows that the effort is truly horrendous. People don't like change, and most of our effort is going to go towards helping them along.

That's why the issue of "change management" is going to become even more critical than it is today with IT through the next several years. I'm now spending a great deal of my time in working with companies talking through the issues of complexity.

Of course, for every dark cloud, there is a silver lining, and from a career perspective, it is this: there are going to be jobs and opportunity in abundance. Not necessarily with the technology, but with the implementation and management of projects involving the technology. If you think it has taken a long time to implement IT in the business sector, then you haven't seen anything yet. ◀

Jim Carroll is an author, columnist and frequent keynote speaker who focuses on the impact and challenges of the digital age. His Web site can be found at www.jimcarroll.com.



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